

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF WISCONSIN**

In re:

MICHAEL A. GRAL,

Debtor.

Case No. 16-21329-gmh
Chapter 11

PRETRIAL REPORT OF SB1 CEDARBURG, L.L.C.

SB1 Cedarburg, L.L.C. (“SB1”), one of the twenty largest unsecured creditors of Michael A. Gral (the “Debtor”),¹ in anticipation of the evidentiary hearing scheduled for 3:00 p.m. on March 30, 2016, respectfully submits this pretrial report pursuant to Rule 15 of this Court’s General Procedures.

I. JURISDICTIONAL STATEMENT

This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334 and 157, and 11 U.S.C. §§ 1112(b), 305(a), and 1104(a).

II. COURT AUTHORITY TO ENTER FINAL ORDERS

This Court has authority to enter final orders as this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A). It presents claims under 11 U.S.C. § 1104 of the Bankruptcy Code, all of

¹ SB1 has filed similar motions in the affiliated chapter 11 cases of Gral Holdings Key Biscayne, LLC (Case No. 16-21330) and Capital Ventures, LLC (Case No. 16-21331). All three debtors have filed motions for joint administration, though such motions have not yet been ruled upon.

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which involve the determination of the Debtors' substantive rights as provided under the Code and that, by their nature, only could have arisen in the context of a bankruptcy case.

III. ELEMENTS OF CLAIMS AND DEFENSES AND WHETHER ANY ARE UNDISPUTED.

SB1 seeks relief under 11 U.S.C. § 1104(a)(1) and (2) of the United States Code, the elements (or factors) of which are set forth below.

A. Appointment of a Trustee Pursuant 11 U.S.C. § 1104(a)

The Court shall order appointment of a trustee if it finds:

1. Cause, including fraud, dishonesty, incompetence, or gross mismanagement of the affairs of the debtor by current management. Cause may include:

- a. Conflicts of interest;
- b. Inappropriate relations between corporate parents and subsidiaries;
- c. Misuse of assets and funds;
- d. Inadequate record keeping and reporting;
- e. Various instances of conduct found to establish fraud or dishonesty; or
- f. Lack of credibility and creditor confidence.

2. That a trustee is in the best interests of creditors, equity security holders, and other interests of the estate.

11 U.S.C. § 1104(a)(1)-(2); *In re Bellevue Place Assoc.*, 171 B.R. 615, 622 (Bankr. N.D. Ill. 1994); *In re Brown*, 31 B.R. 583 (D.D.C. 1983).

IV. WITNESS LIST

SB1 may examine the following witnesses:

- 1. Michael A. Gral, Debtor (adversely).
- 2. SB1 reserves the right to examine any witness not listed who is presented by the Debtors or any other party to testify at the hearing and to present rebuttal witnesses based upon the testimony presented.

Dated at Milwaukee, Wisconsin, this 28th day of March, 2016.

SB1 Cedarburg, L.L.C.

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